雅迪集團控股有限公司

YADEA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1585

2019

INTERIM REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Dong Jinggui (董經貴)
Ms. Qian Jinghong (錢靜紅)
(appointed as chief executive officer on 14 May 2019)
Mr. Shi Rui (石銳)
Mr. Shen Yu (沈瑜)
Mr. Liu Yeming (劉曄明)
(resigned on 14 May 2019)

Non-Executive Director

Mr. Zhang Yiyin (張禕胤)
(appointed on 29 April 2019)

Independent Non-Executive Directors

Mr. Li Zongwei (李宗煒)
Mr. Wu Biguang (吳邲光)
Mr. Yao Naisheng (姚乃勝)
Mr. Wong Lung Ming (黃隆銘)
(appointed on 29 April 2019)

BOARD COMMITTEES

Audit committee

Mr. Li Zongwei (李宗煒) *(Chairman)*
Mr. Yao Naisheng (姚乃勝)
Mr. Wu Biguang (吳邲光)
Mr. Wong Lung Ming (黃隆銘)
Mr. Zhang Yiyin (張禕胤)

Remuneration committee

Mr. Wu Biguang (吳邲光) *(Chairman)*
Mr. Yao Naisheng (姚乃勝)
Mr. Zhang Yiyin (張禕胤)
Mr. Wong Lung Ming (黃隆銘)

Nomination committee

Mr. Dong Jinggui (董經貴) *(Chairman)*
Ms. Qian Jinghong (錢靜紅)
Mr. Zhang Yiyin (張禕胤)
Mr. Yao Naisheng (姚乃勝)
Mr. Wu Biguang (吳邲光)
Mr. Li Zongwei (李宗煒)
Mr. Wong Lung Ming (黃隆銘)

JOINT COMPANY SECRETARIES

Mr. Shen Yu (沈瑜)
Room 202
No. 66, Huiquan Garden
Beitang District
Wuxi, Jiangsu Province
China

Ms. Lam Yuk Ling (林玉玲), ACIS, ACS
31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

AUTHORISED REPRESENTATIVES

Ms. Qian Jinghong (錢靜紅)
No. 62 Hehuachi
Zhaqiao Village
Anzhen Town
Xishan District, Wuxi
Jiangsu Province
China

Ms. Lam Yuk Ling (林玉玲), ACIS, ACS
31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

REGISTERED OFFICE

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75 Fort Street
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Cayman Islands

HEADQUARTERS IN THE PRC

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Dacheng Industrial Zone
Anzhen Town
Xishan District
Wuxi, Jiangsu Province
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:

Sidley Austin
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Central
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of Nanjing, Wuxi Xishan Branch
No. 1 East Xihu Road
Wuxi, Jiangsu Province
China

China Construction Bank, Cixi Branch
No. 279 Shishan Road
Cixi, Zhejiang Province
China

China Everbright Bank, Tianjin Huayuan Branch
No. 62-68 Caizi Yuan
Junction of Huayuan Road and Yashi Avenue
Nankai District, Tianjin
China

COMPANY WEBSITE

www.yadea.com.cn

STOCK CODE

1585

Management Discussion and Analysis

BUSINESS REVIEW

In April 2019, the People's Republic of China (the "**PRC**") government implemented new national standards for electric bicycles, specifying electric bicycles' pedaling functions, total weight, motor power as well as other technical requirements including tamper-proof, fire-proof and charger protection systems. In addition, market regulators across the country were asked to step up management of compulsory certification for electric bicycles, according to a document jointly issued by the State Administration for Market Regulation, the Ministry of Industry and Information Technology and the Ministry of Public Security. Manufacturers or distributors of electric bicycles that do not comply with the new national standards not only will be ordered to stop manufacturing or selling unqualified products and pay fines, but also face revocation of business licenses and/or criminal penalties. The implementation of new national standards has created uncertainty in the electric two-wheeled vehicles market and accelerated a new around of industry reshuffle and ushered electric two-wheeled vehicles industry into a new development stage.

Due to the early Chinese New Year and implementation of new national standards for electric bicycles, the sales volume of electric scooters and electric bicycles was relatively low in January, March and April, but gradually picked up in May and June. As a result, the total sales volume of electric scooters and electric bicycles decreased from approximately 2,473,000 units for the six months ended 30 June 2018 to approximately 2,033,000 units for the six months ended 30 June 2019 (the "**Reporting Period**"). Revenue from the sales of electric two-wheeled vehicles, batteries and chargers and electric two-wheeled vehicle parts decreased by 11.1% from approximately RMB4,582.8 million for the six months ended 30 June 2018 to approximately RMB4,074.5 million for the six months ended 30 June 2019. However, as Yadea Group Holdings Ltd. ("**Yadea**" or the "**Company**") and its subsidiaries (collectively, the "**Group**") is able to command a price premium for its products, the overall gross profit margin slightly increased by approximately 1.2% from approximately 15.6% for the six months ended 30 June 2018 to approximately 16.8% for the six months ended 30 June 2019 due to the increase of average selling price of electric scooters and electric bicycles.

Although the change in the industry provided a net headwind to the Group's financial performance in the first half of 2019, the management believes it will also pose a favorable environment for existing market leaders like Yadea. Since new national standards coming into play in April, the sales volume of the Group's electric two-wheeled vehicles has been showing an upward trend and it is expected the demand will continue to surge in the second half of 2019. The management will keep a close watch on developments in the domestic and international arena and the industry. Adhering to the strategy of placing emphasis on domestic sales, the Group will make timely adjustment to its pricing and sales strategies. The Group will continue to focus on building "Yadea" as a premium brand of electric two-wheeled vehicles, strengthening its search, development and design capabilities, developing middle-to-high-end products and enhancing its sale and service network, to maintain its leading competitiveness in the industry.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2019, the Group recorded revenue of approximately RMB4,074.5 million, representing a decrease of approximately 11.1% compared with the corresponding period in 2018 of approximately RMB4,582.8 million. The decrease was primarily attributable to the decrease in sales volumes of electric scooters, electric bicycles and related accessories due to the early Chinese New Year and the implementation of new national standards for electric bicycles.

Product Type	For the six months ended 30 June 2019			For the six months ended 30 June 2018		
	Revenue (RMB'000)	% of total	Volume '000 units	Revenue (RMB'000)	% of total	Volume '000 units
Electric scooters	**1,929,291**	**47.4**	**1,086.9**	2,349,496	51.3	1,434.2
Electric bicycles	**1,251,420**	**30.7**	**946.1**	1,232,400	26.9	1,038.8
Subtotal	**3,180,711**	**78.1**	**2,033.0**	3,581,896	78.2	2,473.0
Batteries and chargers	**859,923**	**21.1**	**Batteries: 1,057.7 chargers: 1,515.3**	964,094	21.0	Batteries: 1,720.8 chargers: 1,742.0
Electric two-wheeled vehicle parts	**33,902**	**0.8**	**N/A**	36,838	0.8	N/A
Total	**4,074,536**	**100.0**	**–**	4,582,828	100.0	–

Sales volume of electric scooters decreased by approximately 24.2% from approximately 1,434,200 units for the six months ended 30 June 2018 to approximately 1,086,900 units for the six months ended 30 June 2019; and sales volume of electric bicycles decreased by approximately 8.9% from approximately 1,038,800 units for the six months ended 30 June 2018 to approximately 946,100 units for the six months ended 30 June 2019.

Cost of sales

Cost of sales decreased by approximately 12.3% from approximately RMB3,867.7 million for the six months ended 30 June 2018 to approximately RMB3,391.2 million for the six months ended 30 June 2019, which is in line with the decrease in sales volumes.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by approximately 4.5% from approximately RMB715.2 million for the six months ended 30 June 2018 to approximately RMB683.3 million for the six months ended 30 June 2019.

Gross profit margin was 16.8% for the six months ended 30 June 2019, higher than the gross profit margin of 15.6% for the six months ended 30 June 2018, mainly attributable to an increase in average selling price.

Other income and gains, net

Other income and gains, net decreased by approximately 9.9% from approximately RMB84.8 million for the six months ended 30 June 2018 to approximately RMB76.4 million for the six months ended 30 June 2019. Such decrease was primarily due to a decrease in fair value gains of financial assets measured at fair value through profit or loss set off by an increase in government grants.

Profit for the Reporting Period

As a result of the cumulative effect of the foregoing, the Group's profit decreased by approximately 7.2% from approximately RMB195.3 million for the six months ended 30 June 2018 to approximately RMB181.3 million for the six months ended 30 June 2019.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

As of 30 June 2019, cash and cash equivalents amounted to approximately RMB1,417.3 million, representing a decrease of approximately 28.2% from approximately RMB1,973.4 million as of 31 December 2018. Such decrease was primarily due to approximately RMB101.5 million net cash generated from operating activities, approximately RMB478.9 million net cash used in investing activities, and approximately RMB181.5 million net cash used in financing activities.

The Group's primary uses of cash were daily operating expenses, payment for marketing and advertising expenses and funding of working capital. The Group financed its liquidity requirements through cash flows generated from its operating activities.

Net cash generated from operating activities was approximately RMB101.5 million for the six months ended 30 June 2019, as compared with net cash used in operating activities of approximately RMB812.2 million for the six months ended 30 June 2018. Net cash used in investing activities was approximately RMB478.9 million for the six months ended 30 June 2019, as compared with net cash generated from investing activities of approximately RMB1,317.6 million for the six months ended 30 June 2018. Net cash used in financing activities was approximately RMB181.5 million for the six months ended 30 June 2019, as compared with net cash used in financing activities of approximately RMB37.7 million for the six months ended 30 June 2018.

Taking into account the Group's existing cash and cash equivalents, anticipated cash flow from its operating activities and the net proceeds from the initial public offering, the board (the "**Board**") of directors (the "**Directors**") of the Company believes that the Group's liquidity needs will be satisfied.

Net current assets

As of 30 June 2019, the Group had net current assets of approximately RMB1,152.1 million, as compared with net current assets of approximately RMB1,185.1 million as of 31 December 2018.

Inventory

Inventory primarily consisted of raw materials and finished goods. Inventory increased by approximately 15.0% from approximately RMB259.5 million as of 31 December 2018 to approximately RMB298.5 million as of 30 June 2019, primarily due to the decrease in sales volume resulting in increased stockpile of electric scooters, electric bicycles and related accessories. The average inventory turnover days for the six months ended 30 June 2019 decreased to 14.8 days from 15.7 days for the corresponding period in 2018.

Gearing ratio

Gearing ratio (as defined as total interest-bearing bank borrowings divided by total equity as of the respective period-end dates and multiplied by 100%) as of 30 June 2019 was 0% (31 December 2018: 0%).

Human resources

As of 30 June 2019, the Group had 3,489 employees (31 December 2018: 3,703). Total staff costs for the Reporting Period, excluding the Directors' remuneration, were approximately RMB167.3 million (for the six months ended 30 June 2018: approximately RMB186.3 million). The Group will regularly review its remuneration policy and wages and benefits to its employees with reference to market practice and the performance of individual employee.

Contingent liabilities

As of 30 June 2019, the Group did not have any material contingent liabilities or guarantees.

Pledge of the Group's assets

The Group pledged its assets as securities for bills payable which were used to finance daily business operation. As at 30 June 2019, the pledged assets of the Group amounted to RMB1,820.6 million.

Corporate Governance and Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Company was incorporated in the Cayman Islands on 17 July 2014 as an exempted company with limited liability and the shares of the Company (the "**Shares**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 May 2016 (the "**Listing Date**").

As at 30 June 2019, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") are as follows:

(i) Interests in Shares of the Company

Name of Director	Nature of interest	Number of Shares[5]	Approximately percentage of shareholding[6]
Mr. Dong Jinggui[1&3]	Interest of controlled corporation/ interest of concert parties	1,992,010,943 (L)	66.4%
Ms. Qian Jinghong[2&3]	Interest of controlled corporation/ interest of concert parties	1,992,010,943 (L)	66.4%

Notes:

(1) Mr. Dong Jinggui holds the entire issued share capital of Dai Wei Investment Company Limited ("**Dai Wei**"), which in turn owns 1,399,398,084 Shares. By virtue of Part XV of the SFO, Mr. Dong Jinggui is deemed to be interested in the Shares held by Dai Wei.

(2) Ms. Qian Jinghong holds the entire issued share capital of Fang Yuan Investment Company Limited ("**Fang Yuan**"), which in turn owns 592,612,839 Shares. By virtue of Part XV of the SFO, Ms. Qian Jinghong is deemed to be interested in the Shares held by Fang Yuan.

(3) Pursuant to the concert parties arrangement, Mr. Dong Jinggui and Ms. Qian Jinghong confirmed that they are parties acting in concert in relation to the exercise of their voting rights at the meetings of the shareholders and the board of directors of the members of the Group. They have also further undertaken that during the period when they remain interested in, directly or indirectly, the Shares, they will continue to act in accordance with the concert parties arrangement. As such, Mr. Dong Jinggui and Ms. Qian Jinghong, together with their respective holding companies (being Dai Wei and Fang Yuan), are all deemed to be interested in the total Shares held by Dai Wei and Fang Yuan.

(4) The letter "L" denotes long position in such securities.

(5) There were 3,000,000,000 Shares in issue as at 30 June 2019.

(ii) Interests in associated corporations

Name of Director	Name of associated corporation	Number of issued shares	Approximately percentage of shareholding
Mr. Dong Jinggui	Dai Wei	100 shares	100.00%
Ms. Qian Jinghong	Fang Yuan	100 shares	100.00%

Save as disclosed above, as at 30 June 2019, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 30 June 2019, within the knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity	Number of Shares[2]	Approximately percentage of shareholding[3]
Dai Wei[1]	Beneficial interest/interest of concert parties	1,992,010,943 (L)	66.4%
Fang Yuan[1]	Beneficial interest/interest of concert parties	1,992,010,943 (L)	66.4%

Notes:

(1) Pursuant to the concert parties arrangement, Mr. Dong Jinggui and Ms. Qian Jinghong confirmed that they are parties acting in concert in relation to the exercise of their voting rights at the meetings of the shareholders and the board of directors of the members of the Group. They have also further undertaken that during the period when they remain interested in, directly or indirectly, the Shares, they will continue to act in accordance with the concert parties arrangement. As such, Mr. Dong Jinggui and Ms. Qian Jinghong, together with their respective holding companies (being Dai Wei and Fang Yuan), are all deemed to be interested in the total Shares held by Dai Wei and Fang Yuan.

(2) The letter "L" denotes long position in such securities.

(3) There were 3,000,000,000 Shares in issue as at 30 June 2019.

Save as disclosed above, and as at 30 June 2019, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed herein, during the six months ended 30 June 2019, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Group.

EVENTS AFTER REPORTING PERIOD

The Group does not have any material subsequent event after the Reporting Period.

USE OF NET PROCEEDS FROM LISTING

On the listing date, the Company issued 750 million shares at an offer price of HK$1.72 per share on the Stock Exchange by global offering. The net proceeds from the global offering (after deducting the underwriting fees and commissions and other expenses payable by the Company in connection with the global offering) amounted to approximately HK$1,074.0 million (equivalent to approximately RMB907.3 million).

The use of net proceeds from global offering for the six months ended 30 June 2019 is set out as follows:

	Use of net proceeds as disclosed in the prospectus of the Company dated 9 May 2016 (RMB million)	Actual use of net proceeds up to 30 June 2019 (RMB million)	Unutilised net proceeds up to 30 June 2019 (RMB million)	Expected time of full utilisation of remaining balance
Improve the distribution and sales as well as marketing including (i) brand promotion, advertising and marketing, (ii) expansion of the distributor points of sales overhaul campaign, (iii) expansion of the international sales, and (iv) development of the online platform, including online sales promotion and marketing;	453.7	342.1	111.6	30 June 2020
Business expansion, including (i) purchases of new automated production equipment and production expansion and (ii) potential mergers and acquisitions;	272.2	137.0	135.2	30 June 2020
Research and development of products, improvement of research and development facilities as well as recruitment of research and development personnel; and	90.7	90.7	0	
General working capital	90.7	90.7	0	
Total	907.3	660.5	246.8	

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company has fully complied with the code provisions set out in the CG Code throughout the Reporting Period. The Board will continue to review and monitor the corporate governance status of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Specific enquiries have been made to all the Directors who have confirmed that they have complied with the Model Code during the six months ended 30 June 2019.

The Board has also adopted the Model Code as guidelines for its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the securities of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

CHANGES IN BOARD COMPOSITION

Mr. Zhang Yiyin has been appointed as a non-executive Director and a member of each of the audit committee, remuneration committee and nomination committee of the Company with effect from 29 April 2019.

Mr. Wong Lung Ming has been appointed as an independent non-executive Director and a member of each of the audit committee, remuneration committee and nomination committee of the Company with effect from 29 April 2019.

Mr. Liu Yeming has resigned as an executive Director, the chief executive officer and authorised representative of the Company with effect from 14 May 2019.

Ms. Qian Jinghong has been appointed as the chief executive officer and authorised representative with effect from 14 May 2019.

Mr. Liu Yeming has ceased to be a member of the remuneration committee of the Company with effect from 14 May 2019.

INTERIM DIVIDEND

The Board resolved not to declare any payment of interim dividend for the six months ended 30 June 2019.

AUDIT COMMITTEE REVIEW

Pursuant to the requirement of the CG Code and the Listing Rules, the Company has established an audit committee (the "**Audit Committee**") comprising four independent non-executive Directors, being Mr. Li Zongwei (chairman of the Audit Committee), Mr. Yao Naisheng, Mr. Wu Biguang and Mr. Wong Lung Ming, and one non-executive Director, namely Mr. Zhang Yiyin.

The Audit Committee and the Company's management have considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to risk management, internal control and financial reporting, including the review of the unaudited condensed consolidated interim financial statements of the Group for the Reporting Period. No prior year adjustments will be made to the consolidated financial statements of the Group.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2019

		Six months ended	
	Notes	**30/6/2019 RMB'000 (unaudited)**	30/6/2018 RMB'000 (unaudited)
Revenue	*4(a)*	**4,074,536**	4,582,828
Cost of sales	*6(a)*	**(3,391,197)**	(3,867,672)
Gross profit		**683,339**	715,156
Other income and gains, net	*4(c)*	**76,403**	84,799
Selling and distribution expenses		**(220,090)**	(268,429)
Administrative expenses		**(194,417)**	(190,625)
Research and development costs		**(123,476)**	(108,159)
Finance costs		**(1,369)**	(72)
Profit before tax	*6*	**220,390**	232,670
Income tax expense	*7*	**(39,074)**	(37,401)
Profit for the period		**181,316**	195,269
Profit for the period attributable to:			
Owners of the Company		**180,042**	194,816
Non-controlling interests		**1,274**	453
		181,316	195,269
Earnings per share			
Basic (cents per share)	*9*	**6.1**	6.5
Diluted (cents per share)		**N/A**	N/A

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2019

	Six months ended	
	30/6/2019 RMB'000 (unaudited)	30/6/2018 RMB'000 (unaudited)
Profit for the period	**181,316**	195,269
Other comprehensive income/(expense)		
Item that will not be reclassified to profit or loss:		
Exchange difference on translation from functional currency to presentation currency	**30,502**	(2,311)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(27,550)**	7,715
Other comprehensive income for the period, net of tax	**2,952**	5,404
Total comprehensive income for the period	**184,268**	200,673
Total comprehensive income for the period attributable to:		
Owners of the Company	**182,994**	200,220
Non-controlling interests	**1,274**	453
	184,268	200,673

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	Notes	30/6/2019 RMB'000 (unaudited)	31/12/2018 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,202,318	1,163,301
Right-of-use assets		331,495	–
Prepaid land lease payments		–	286,167
Intangible assets		17,330	14,862
Equity instruments at fair value through other comprehensive income		15,551	15,305
Prepayments		64,188	82,166
Prepayment for acquisition of property, plant and equipment		80,273	65,939
Deferred tax assets		6,902	6,846
		1,718,057	1,634,586
CURRENT ASSETS			
Inventories	11	298,530	259,492
Trade receivables	12	227,904	278,079
Prepayments, deposits and other receivables		599,860	579,599
Wealth management products and structured deposits		2,349,876	1,967,487
Debt instruments at fair value through other comprehensive income		111,220	79,024
Pledged bank deposits		681,575	987,530
Bank balances and cash		1,417,275	1,973,390
		5,686,240	6,124,601
CURRENT LIABILITIES			
Trade and bills payables	13	4,173,689	4,580,418
Other payables and accruals		253,246	290,242
Contract liabilities		75,731	48,600
Lease liabilities		8,407	–
Tax liabilities		23,066	20,209
		4,534,139	4,939,469
Net Current Assets		1,152,101	1,185,132
Total Assets less Current Liabilities		2,870,158	2,819,718
NON-CURRENT LIABILITIES			
Lease liabilities		39,874	–
NET ASSETS		2,830,284	2,819,718
Capital and Reserves			
Share capital	14	188	188
Share premium and reserves		2,821,237	2,811,945
Equity attributable to owners of the Company		2,821,425	2,812,133
Non-controlling interests		8,859	7,585
Total Equity		2,830,284	2,819,718

The notes on pages 18 to 36 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to owners of the Company											
	Share capital RMB'000	Merger reserve RMB'000	Share premium account RMB'000	Statutory reserve RMB'000	FVTOCI reserve RMB'000	Treasury shares RMB'000	Translation reserve RMB'000	Share award reserve RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2019 (audited)	**188**	**(121,024)**	**759,036**	**163,197**	**1,237**	**(17,607)**	**32,764**	**75,574**	**1,918,768**	**2,812,133**	**7,585**	**2,819,718**
Profit for the period	–	–	–	–	–	–	–	–	180,042	180,042	1,274	181,316
Other comprehensive income for the period, net of income tax	–	–	–	–	–	–	2,952	–	–	2,952	–	2,952
Total comprehensive income for the period	–	–	–	–	–	–	2,952	–	180,042	182,994	1,274	184,268
Purchase of share for share award scheme	–	–	–	–	–	(68,030)	–	–	–	(68,030)	–	(68,030)
Dividends recognised as distribution	–	–	(105,672)	–	–	–	–	–	–	(105,672)	–	(105,672)
As at 30 June 2019 (unaudited)	**188**	**(121,024)**	**653,364**	**163,197**	**1,237**	**(85,637)**	**35,716**	**75,574**	**2,098,810**	**2,821,425**	**8,859**	**2,830,284**
At 1 January 2018 (audited)	188	(121,024)	860,207	129,552	–	–	4,926	75,574	1,521,377	2,470,800	6,304	2,477,104
Profit for the period	–	–	–	–	–	–	–	–	194,816	194,816	453	195,269
Other comprehensive income for the period, net of income tax	–	–	–	–	–	–	5,404	–	–	5,404	–	5,404
Total comprehensive income for the period	–	–	–	–	–	–	5,404	–	194,816	200,220	453	200,673
Dividends recognised as distribution	–	–	(101,172)	–	–	–	–	–	–	(101,172)	–	(101,172)
As at 30 June 2018 (unaudited)	188	(121,024)	759,035	129,552	–	–	10,330	75,574	1,716,193	2,569,848	6,757	2,576,605

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Notes	Six months ended 30/6/2019 RMB'000 (unaudited)	Six months ended 30/6/2018 RMB'000 (unaudited)
OPERATING ACTIVITIES			
Profit before tax		**220,390**	232,670
Adjustments for:			
Finance costs		**1,369**	72
Bank interest income	*4(c)*	**(14,180)**	(15,036)
Net (gain)/loss on disposal of property, plant and equipment	*4(c)*	**(50)**	678
Depreciation of property, plant and equipment	*6(c)*	**37,771**	37,963
Depreciation of right-of-use assets	*6(c)*	**9,415**	–
Amortisation of prepaid land lease payments		**–**	3,585
Amortisation of prepaid decoration expenses		**30,231**	–
Amortisation of intangible assets	*6(c)*	**3,384**	2,485
Gains on financial assets at fair value through profit or loss	*4(c)*	**(40,547)**	(59,967)
Operating cash flows before movements in working capital		**247,783**	202,450
Decrease/(increase) in pledged bank deposits		**305,955**	(427,465)
Decrease/(increase) in trade and bills receivables		**50,175**	(277,763)
Increase in debt instruments at fair value through other comprehensive income		**(32,196)**	–
(Increase)/decrease in prepayments, deposits and other receivables		**(28,616)**	74,706
(Increase)/decrease in inventories		**(39,038)**	3,372
Decrease in trade and bills payables		**(406,729)**	(208,082)
Increase in other payables and accruals		**13,354**	26,657
Increase/(decrease) in contract liabilities		**27,131**	(143,752)
Cash generated from/(used in) operations		**137,819**	(749,877)
Income tax paid		**(36,273)**	(62,367)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		**101,546**	(812,244)
INVESTING ACTIVITIES			
Cash received from a third party as loan repayment		**–**	175,541
Interest received from bank deposits		**14,180**	15,036
Purchases of property, plant and equipment		**(145,370)**	(57,719)
Purchases of intangible assets		**(5,851)**	(1,780)
Purchase of wealth management products		**(15,114,570)**	(8,899,127)
Redemption of wealth management products		**14,732,181**	10,025,690
Interest received from wealth management products		**40,547**	59,967
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		**(478,883)**	1,317,608

		Six months ended	
	Notes	**30/6/2019 RMB'000 (unaudited)**	30/6/2018 RMB'000 (unaudited)
FINANCING ACTIVITIES			
Dividends paid		**(105,672)**	(101,172)
New bank loans raised		**–**	63,429
Repayments of leases liabilities		**(7,830)**	–
Purchase of shares for share award scheme		**(68,030)**	–
NET CASH USED IN FINANCING ACTIVITIES		**(181,532)**	(37,743)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(558,869)**	467,621
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**1,973,390**	988,272
Effect of foreign exchange rate changes		**2,754**	5,633
CASH AND CASH EQUIVALENTS AT 30 JUNE		**1,417,275**	1,461,526
Represented by			
Bank balances and cash		**1,417,275**	1,461,526

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

1. GENERAL INFORMATION

Yadea Group Holdings Ltd. (the "**Company**") is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principle place of business of the Company is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") with effect from 19 May 2016.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the development, manufacture and sale of electric vehicles and related accessories in the People's Republic of China (the "**PRC**").

In the opinion of the Directors of the Company (the "**Directors**"), the ultimate holding companies of the Company are Dai Wei Investment Company Limited and Fang Yuan Investment Company Limited, which are incorporated in the British Virgin Islands, and the ultimate controlling shareholders of the Company are Mr. Dong Jinggui and Ms. Qian Jinghong (the "**Controlling Shareholders**").

The functional currency of the Company is Hong Kong dollar ("**HKD**") which is the currency of the primary environment in which the Company operates. The functional currency of the Group entities located in the PRC is Renminbi ("**RMB**") in which most of the transactions are denominated. The consolidated financial statements are presented in RMB.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2018.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of New and Amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	*Leases*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
Amendments HKFRSs	*Annual Improvements to HKFRSs 2015-2017 Cycle*

Excepted as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and Changes in Accounting Policies of Application on HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of New and Amendments to HKFRSs (Continued)

Impacts and Changes in Accounting Policies of Application on HKFRS 16 *Leases* (Continued)

Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of New and Amendments to HKFRSs (Continued)

Impacts and Changes in Accounting Policies of Application on HKFRS 16 *Leases* (Continued)

Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of New and Amendments to HKFRSs (Continued)

Impacts and Changes in Accounting Policies of Application on HKFRS 16 *Leases* (Continued)

Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int *4 Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of New and Amendments to HKFRSs (Continued)

Impacts and Changes in Accounting Policies of Application on HKFRS 16 *Leases* (Continued)

Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5%.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of New and Amendments to HKFRSs (Continued)

Impacts and Changes in Accounting Policies of Application on HKFRS 16 *Leases* (Continued)

Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

	Note	**At 1 January 2019** RMB'000
Operating lease commitments disclosed as at 31 December 2018		53,233
Lease liabilities discounted at relevant incremental borrowing rates		46,494
Add: Lease liabilities resulting from lease modifications of existing leases	a	3,044
Less: Recognition exemption – short-term leases		981
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019		48,557
Analysed as		
Current		8,535
Non-current		40,022
		48,557

a. The Group renewed the leases of staff apartment in Hong Kong by entering into new lease contracts which commence after date of initial application, these new contracts are accounted as lease modifications of the existing contracts upon application of HKFRS 16.

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	**Right of use assets** RMB'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		48,557
Reclassified from prepaid lease payments	a	286,167
		334,724
By class:		
Land and building		334,724

a. Upfront payments for leasehold lands in PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the prepaid lease payments amounting to RMB286,167,000 were reclassified to right-of-use assets.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of New and Amendments to HKFRSs (Continued)

Impacts and Changes in Accounting Policies of Application on HKFRS 16 *Leases* (Continued)

Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

The transition to HKFRS 16 does not have any impact on retained profits at 1 January 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 RMB'000	Adjustments RMB'000	Carrying amounts under HKFRS 16 at 1 January 2019 RMB'000
Non-current Assets			
Right-of-use assets	–	334,724	334,724
Prepaid land lease payment	286,167	(286,167)	–
Current Liabilities			
Lease liabilities	–	(8,535)	8,535
Non-current liabilities			
Lease liabilities	–	(40,022)	40,022

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

4. REVENUE, OTHER INCOME AND GAINS, NET

(a) Disaggregation of revenue

	Six months ended	
	30/6/2019 RMB'000 (unaudited)	30/6/2018 RMB'000 (unaudited)
Types of goods		
Electric scooters	**1,929,291**	2,349,496
Electric bicycle	**1,251,420**	1,232,400
Batteries and chargers	**859,923**	964,094
Electric two-wheeled vehicle part	**33,902**	36,838
	4,074,536	4,582,828
Timing of revenue recognition		
At point in time	**4,074,536**	4,582,828

(b) Performance obligations for contracts with customers

The Group sells electronic vehicles to the distributors. For all sales of electronic vehicles, revenue is recognised when control of the goods has transferred, being when the goods have been packed for shipment and out of the Group's warehouse (delivery).

Following delivery, the distributors have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when selling the goods and bear the risks of obsolescence and loss in relation to the goods.

Full payment is typically required from customers of the Group before delivery of goods, except for some customers with credit period. The credit terms generally vary from 15 days to 180 days from the date of billing.

Under the Group's standard contract terms with both distributors and suppliers, distributors are not allowed to exchange or return the goods delivered and suppliers are responsible for all replacement and repairment of damaged products that are with warranty. When the customers initially prepay for the goods, the transaction price received by the Group is recognized as a contract liability until the goods have been packed for shipment and out of the Group's warehouse.

All of the sales and services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. REVENUE, OTHER INCOME AND GAINS, NET (Continued)

(c) Other income and gains, net

	Six months ended	
	30/6/2019 RMB'000 (unaudited)	30/6/2018 RMB'000 (unaudited)
Gains from financial assets at fair value through profit or loss	**40,547**	59,967
Government grants	**19,485**	8,398
Bank interest income	**14,180**	15,036
Net gain/(loss) on disposal of property, plant and equipment	**50**	(678)
Others	**2,141**	2,076
	76,403	84,799

5. OPERATING SEGMENT

For management purposes, the Group is not organised into business units based on their products and services, the Group has only one reportable operating segment which is engaged in the development, manufacture and sale of electric vehicles and related accessories. Accordingly, no segment information is presented.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical Information

Since over 90% of the Group's revenue and operating profit were generated from the sale of electric vehicles in the PRC and over 90% of the Group's non-current assets and liabilities were located in the PRC, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about Major Customers

Since no revenue from sale to a single customer amounted to 10% or more of the Group's revenue for the reporting period, no major customer information is presented in accordance with HKFRS 8 *Operating Segments*.

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the following items:

		Six months ended	
		30/6/2019 RMB'000 (unaudited)	30/6/2018 RMB'000 (unaudited)
(a)	**Cost of sales**		
	Cost of inventories sold	**3,391,197**	3,867,672
(b)	**Employee benefit expense (including directors' and chief executive's remuneration)**		
	Wages and salaries	**150,706**	161,105
	Pension scheme contributions (defined contribution scheme), social welfare and other welfare	**19,712**	26,994
		170,418	188,099
(c)	**Other items**		
	Depreciation of property, plant and equipment	**37,771**	37,963
	Depreciation of right-of-use assets	**9,415**	–
	Amortisation of prepaid land lease payment	**–**	3,585
	Amortisation of intangible assets	**3,384**	2,485
	Auditors' remuneration	**1,350**	1,636
	Research and development costs (note)	**123,476**	108,159
	Operating lease expenses	**–**	6,179

Note: Research and development costs included wages and salaries amounting to RMB27,435,000 for the six months ended 30 June 2019 (the six months ended 30 June 2018: RMB13,682,000), which are also included in employee benefit expenses as disclosed in note 6(b) above.

7. INCOME TAX EXPENSE

	Six months ended	
	30/6/2019 RMB'000 (unaudited)	30/6/2018 RMB'000 (unaudited)
Current – PRC Enterprise Income Tax	**39,130**	37,401
Deferred tax	**(56)**	–
Income tax expense for the period	**39,074**	37,401

8. DIVIDENDS

During the current interim period, a final dividend of HK4 cents per share in respect of the year ended 31 December 2018 (2018: HK4 cents per share in respect of the year ended 31 December 2017) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HKD119,729,000, equivalent to RMB105,672,000 (2016: HKD120,000,000, equivalent to RMB101,172,000).

9. EARNINGS PER SHARE

The calculation of the basic earning per share attributable to owners of the Company is based on following data:

	Six months ended	
	30/6/2019 RMB'000 (unaudited)	30/6/2018 RMB'000 (unaudited)
Earnings		
Earnings for the purpose of basic earnings per share		
Profit of the period attributable to owners of the Company	**180,042**	194,816
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,968,360,000**	3,000,000,000

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted taking into account the shares purchased and held by the trust of the Company's Share Award Scheme for the year ended 30 June 2019.

No diluted earnings per share for both 2019 and 2018 were presented as there were no potential ordinary shares in issue for both 2019 and 2018.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2019, the Group acquired property, plant and equipment with cost of RMB76,838,000 (six months ended 30 June 2018: RMB56,825,000).

Property, plant and equipment with a net book value of RMB50,000 were disposed of by the Group during the six months ended 30 June 2019 (the six months ended 30 June 2018: RMB678,000).

As at 30 June 2019, certain of the Group's buildings and construction in progress with an aggregate net carrying amount of RMB316,091,000 (31 December 2018: RMB334,650,000) were pledged to secure the Group's bills payable.

During the current interim period, the Group entered into a new lease agreement for the use of office, warehouse and equipment for 11 years. The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognized RMB6,186,000 of right-of-use asset and RMB6,186,000 lease liability.

11. INVENTORIES

	30/6/2019 RMB'000 (unaudited)	31/12/2018 RMB'000 (audited)
Raw materials	129,514	123,667
Finished goods	169,016	135,825
	298,530	259,492

12. TRADE RECEIVABLES

	30/6/2019 RMB'000 (unaudited)	31/12/2018 RMB'000 (audited)
Trade receivables	230,210	280,385
Less: allowance for credit losses	(2,306)	(2,306)
	227,904	278,079

The following is an aged analysis of trade receivables net of allowance for credit losses, presented based on the invoice dates:

	30/6/2019 RMB'000 (unaudited)	31/12/2018 RMB'000 (audited)
Within 6 months	227,904	278,079

All of the Group's trade receivables are neither past due nor impaired except a receivable due from a third party. Receivables that were neither past due nor impaired related to a number of diversified customers for whom there was no recent history of default.

13. TRADE AND BILLS PAYABLES

	30/6/2019 RMB'000 (unaudited)	31/12/2018 RMB'000 (audited)
Trade payables	**2,081,502**	1,784,942
Bills payable	**2,092,187**	2,795,476
	4,173,689	4,580,418

An aged analysis of the trade payables as at the end of reporting period, based on the invoice date, is as follows:

	30/6/2019 RMB'000 (unaudited)	31/12/2018 RMB'000 (audited)
Within 3 months	**1,591,748**	1,374,410
3 to 6 months	**453,233**	386,892
6 to 12 months	**30,755**	14,156
12 to 24 months	**3,174**	5,716
Over 24 months	**2,592**	3,768
	2,081,502	1,784,942

Trade payables are non-interest-bearing and have an average credit term of 15 to 90 days, except certain warranty which is payable in 24 months.

As at 30 June 2019, included in the trade and bills payables are trade payables to the Group's related parties of RMB320,000 (2018: RMB355,000), and bills payables to the Group's related parties of RMB127,000 (2018: RMB2,614,000). Details of the Group's trade payables and bills payable balances with its related parties as at the end of the reporting period are disclosed in Note 17(c).

14. SHARE CAPITAL

	Number of shares	Share capital USD'000
Authorised: 5,000,000,000 ordinary shares of USD0.00001 each	5,000,000,000	50
Issued and fully paid At 31 December 2017 and 2018 and 30 June 2018 and 2019	3,000,000,000	30
Equivalent to RMB'000		188

Pursuant to a resolution passed on 26 December 2018 ("**Adoption Date**") by the Directors of the Company, a share award scheme ("**Share Award Scheme**") was adopted. The Directors may from time to time, subject always to the rules of the Share Award Scheme, at its absolute discretion, select any employee, Director, consultant, settlor, subsidiary or associate (excluding those are restricted by laws and regulation) for participation in the Share Award Scheme and impose any conditions as it deems appropriate with respect to the entitlement of those selected participants to the award shares. The purpose of the Share Award Scheme is to recognise the contributions by certain personnel and to give incentive to them in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. On the same date, a trust was established under a trust deed entered into by the Company to administer the Share Award Scheme, and for the purchase or subscription of the shares of the Company, based on financial support given by the Group. Any shares subsequently awarded by the Company to the qualifying employees will be settled with the shares held by the trust on behalf of the Company. The Directors have determined that the Company controls the trust through the trust deed and therefore consolidates the trust.

Unless early terminated by the board of the Directors, the Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date.

The Directors shall not make any award of shares which will result in the total number of the shares awarded by the Directors under the Share Award Scheme exceeding ten per cent of the issued share capital of the Company as at the Adoption Date.

The maximum number of shares which may be allocated and awarded to a qualifying participant under the Share Award Scheme shall not exceed one per cent of the total number of issued shares of the Company as at the date of such award.

The maximum number of shares which may be allocated and awarded to a qualifying participant who is an independent non-executive Director shall not exceed 0.1% of the total number of issued shares of the Company at the date of such award and the aggregate value of which shall not exceed HKD5,000,000 (based on the closing price of the shares of the Company on the business day immediately preceding the date of award).

For the six months ended 30 June 2019, the Company contributed RMB68,030,000 for financing purchases of 26,674,000 shares of the Company, which are currently held under the Share Award Scheme. No share awards have been granted to any qualifying employees.

14. SHARE CAPITAL (Continued)

Month of purchase	Number of ordinary shares	Price per share Highest HKD	Price per share Lowest HKD	Aggregate consideration paid HKD'000
January	26,674,000	2.92	2.87	77,153

	RMB'000
Presented as	68,030

15. CAPITAL COMMITMENTS

	30/6/2019 RMB'000 (unaudited)	31/12/2018 RMB'000 (audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statement	**152,311**	53,122

16. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

	30/6/2019 RMB'000 (unaudited)	31/12/2018 RMB'000 (audited)
Financial assets		
Wealth management products and structured deposits – mandatorily measured at FVTPL	**1,864,946**	1,090,557
Equity instruments at FVTOCI	**15,551**	15,305
Financial assets at amortised cost	**2,828,130**	4,173,291
Debt instruments at FVTOCI	**111,220**	79,024
	4,819,847	5,358,177
Financial liabilities		
At amortised cost	**4,313,320**	4,709,796

16. FINANCIAL INSTRUMENTS (Continued)

Fair Value Measurements of Financial Instruments

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2019 (unaudited) Wealth management products and structured deposits at FVTPL (Note)	**–**	**1,864,946**	**–**	**1,864,946**
Equity instrument at FVTOCI	**–**	**–**	**15,551**	**15,551**
Total	**–**	**1,864,946**	**15,551**	**1,880,497**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2018 (audited) Wealth management products and structured deposits at FVTPL (Note)	–	1,090,557	–	1,090,557
Equity instrument at FVTOCI	–	–	15,305	15,035
Total	–	1,090,557	15,305	1,105,592

Note: The valuation technique is discounted cash flows that reflects the credit risk of various counterparties.

16. FINANCIAL INSTRUMENTS (Continued)

Reconciliation of level 3 fair value measurements

	Equity instrument at FVTOCI RMB'000
1 January 2019 (audited)	15,305
Total gain in other comprehensive income	246
30 June 2019 (unaudited)	15,551

17. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Particulars of the related parties which entered into material transactions with the Group:

Name	Relationship
E-Zebra Intelligent Technology (Beijing) Co., Ltd. (" **E-Zebra**")	Controlled by the Controlling Shareholders
Ningbo Suogao Shock Absorber Co., Ltd. (" **Ningbo Suogao**")	Controlled by close family members of the Controlling Shareholder
Tianjin Xingwei Electric Parts Co., Ltd. ("**Tianjin Xingwei**")	Controlled by close family members of the Controlling Shareholders
Wuxi Daen Vehicle Industry Co., Ltd. ("**Wuxi Daen**")	Controlled by close family members of the Controlling Shareholders
Wuxi Xingwei Vehicle Fittings Co., Ltd. ("**Wuxi Xingwei**")	Controlled by close family members of the Controlling Shareholders

(b) Transactions with Related Parties:

(i) Purchases of products:

	30/6/2019 RMB'000 (unaudited)	30/6/2018 RMB'000 (unaudited)
Wuxi Xingwei	–	10,857

The purchases of products were made on terms agreed between the parties.

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Due to related parties:

	30/6/2018 RMB'000 (unaudited)	31/12/2018 RMB'000 (audited)
Trade payables		
Wuxi Xingwei	200	201
Ningbo Suogao	120	120
Wuxi Daen	–	34
	320	355
Bills payable		
Wuxi Xingwei	127	834
Tianjin Xingwei	–	1,780
	127	2,614

The amounts are unsecured,interest-free and have no fixed term of repayment.

(d) Compensation of key management personnel of the Group:

	Six months ended	
	30/6/2019 RMB'000 (unaudited)	30/6/2018 RMB'000 (unaudited)
Salaries	2,967	1,734
Pension scheme contribution and social welfare	184	89
	3,151	1,823

18. EVENTS AFTER THE REPORTING PERIOD

No material events were undertaken by the Group subsequent to 30 June 2019 to report date.